



South Dakota Secretary of State

Economic Report



Summer 2012 Issue

Secretary's Minute.....1

New Corporations Update.....2

South Dakota Gross Sales
Continue to Rise.....3

The Secretary's Spotlight.....4

The Secretary's Minute

My fellow South Dakotans, it's my privilege to provide the public with a 2nd Quarter Economic Report and a 2012 preview for the state of South Dakota.

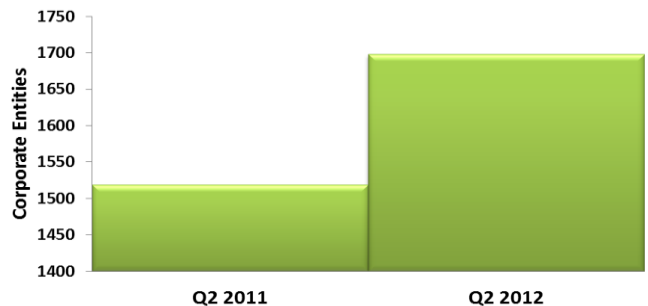
South Dakota is known as a state of Great Faces and Great Places and as we embark into our busy tourist season we have an opportunity to once again show those who come to see our state why South Dakota is a great place to form or expand their businesses. Last year more than 27,000 jobs were supported by core travel and tourism economic activity. This in turn generated \$271 million in state and local government revenues in 2011 saving each household approximately \$833 in taxes (www.travelsd.com). It is my desire to both innovate and simplify business services so that we can continue to grow our business base here in South Dakota.



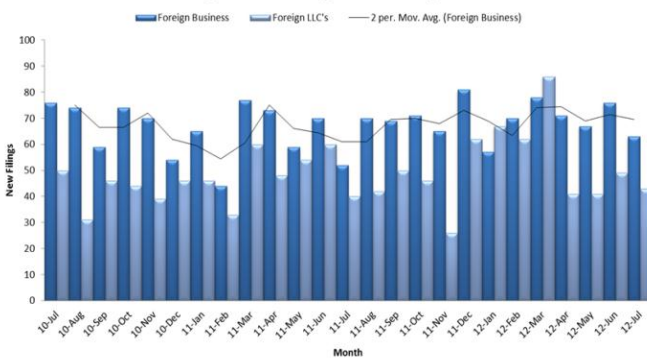
New Corporate Entities on the Rise

The number of new corporations forming in South Dakota in the first half of 2012 has averaged almost 70 more corporations per month as compared to 2011. That is a total of 414 new entities from this time one year ago. Compared to FY2011 we show an increase overall from 1,519 in 2011 to 1,698 in 2012 for the 2nd Quarter.

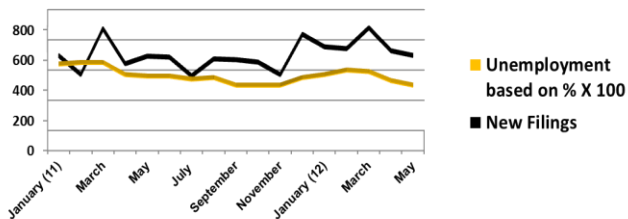
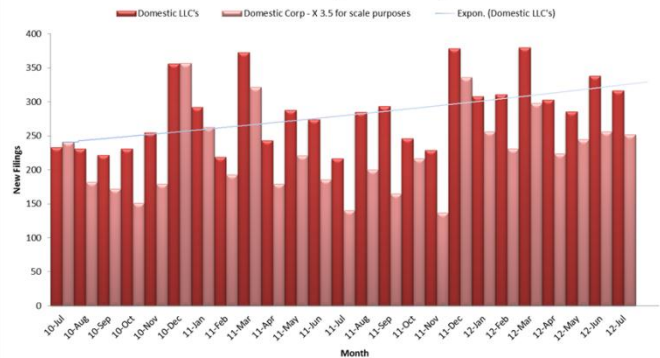
New Corporate Entities



New Foreign Business Registrations July 2010-2012



New Domestic Business Registrations July 2010-2012



With an increase in new filings, we have also seen a decrease in the number of South Dakotans that are unemployed. For the current year 2012, unemployment peaked in February and has been on a steady decline. There seems to be roughly a four-month delay between new filing changes and the reaction of unemployment.

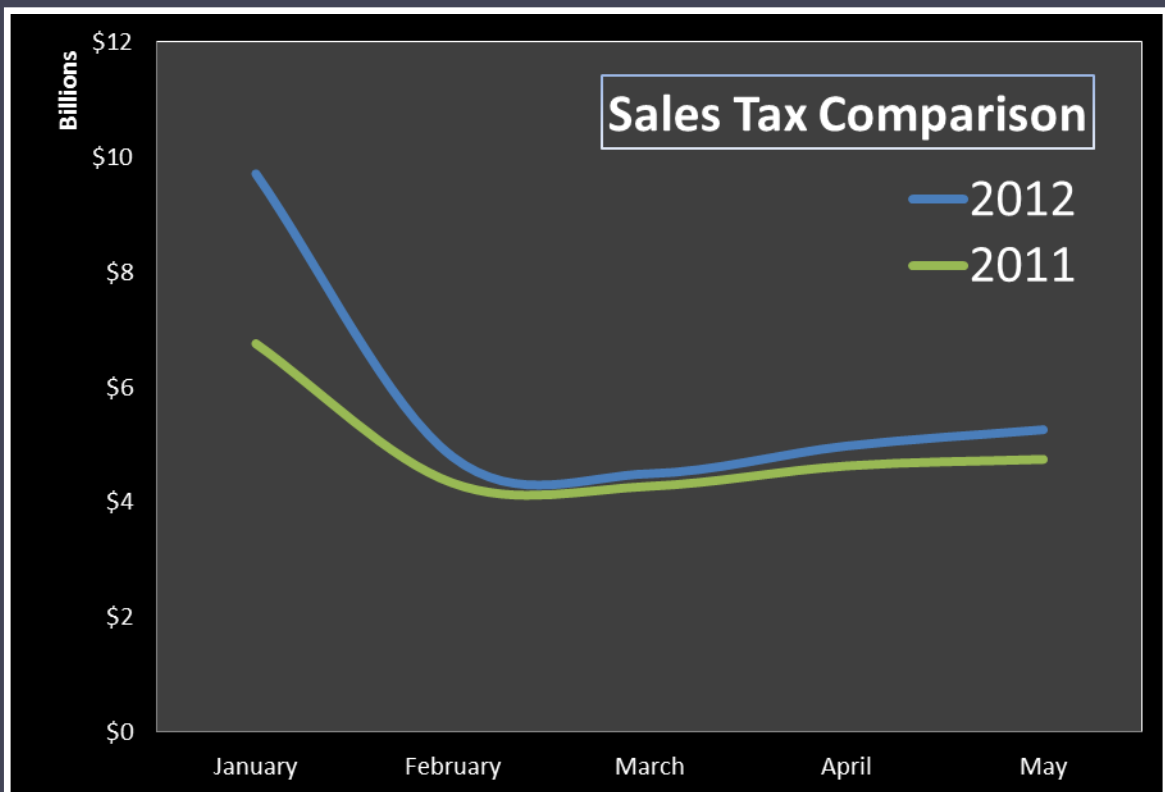
New Filings - Total	Prior Year	Current Value	Change	% Change
	FY 2011 (Jan-Mar)	FY 2012 (Jan-Mar)		
Corporations	408	472	64	15.69%
Limited Liability Companies	985	1,072	87	8.83%
Nonprofit Corporations	73	84	11	15.07%
Limited Partnerships	25	41	16	64.00%
Limited Liability Partnerships	27	27	0	0.00%
General Partnerships	1	2	1	200%
Total	1,519	1,698	179	11.78%

SD Gross Sales Rise Despite Slower Economy



Gross Sales

In the first half of 2012, South Dakota has seen a significant increase in the amount of sales tax collected compared to 2011. For the months of April and May of 2012, South Dakota had an increase in gross sales of 8.42% which equates to \$862,423,380 for these two months alone. Consumer confidence seems to be on the rise following a significant Christmas shopping season in 2011. This will hopefully forecast an increase in tourism spending in South Dakota for 2012. There has been steady growth in both the months of April and May of 2012 over the same two months last year totaling about \$862 million.



Secretary's Spotlight :

We sat down with two South Dakota entrepreneurs to discuss their view of South Dakota's economy, tourism, and starting a business in Keystone, South Dakota.

A decade ago, Scott and Angela Olson bought a package of fudge for their family at a local amusement store, and after one bite they knew they could make it better. From their home kitchen in Pierre, SD, overlooking the Missouri River the Silk Fudge brand was born. Now Silk Fudge is a booming online business and local Keystone tourist favorite. We sat down with Angela to find out more about what makes Silk Fudge a South Dakota favorite.

Silk Fudge™

234 Winter Street Keystone, SD 57751 (605) 666-5546
www.silkfudge.com

What made you decide to start a business?

I have always wanted a storefront to be able to share our SilkFudge product with the public and when an opportunity arose to sell to the millions of tourists who go to Mt Rushmore yearly, I went for it.

Did you have an advisor or mentor to help answer questions about starting a business?

I worked with my husband and have sold fudge for the last seven years from our home and have built knowledge from that experience forward.

How long have you been in business?

We have been in business for seven years, but this is our second season in Keystone.

What is your best seller?

Original (Milk or Dark Fudge). Just like ice cream, the basic flavors sell the best. But, after that, it would be the Peanut Butter, Mint and Mixed Nut flavors.



Why did you choose Keystone, South Dakota?

Approximately three million cars drive through Keystone annually. To have the opportunity to sell our unique product to such a large and diverse population is a once-in-a-lifetime opportunity.

How do you feel about the economy in South Dakota?

Steady is the word I would use. We don't seem to have the ups and downs that other states deal with. We have grown by 15% from last year and expect to continue this growth going forward.

How do you feel about this year's tourism season?

We have seen a year-over-year increase of around 15%, so that is great. In talking to others in the area, they are seeing increases as well.

What are your future plans for your business?

To keep growing and build loyalty toward our product and brand. The idea is to either open new locations or franchise SilkFudge. We are utilizing our Keystone store as a basis for what works and how to be profitable.

What advice would you give to other entrepreneurs looking to start a business?

South Dakota is a great place to get started.



Downtown Keystone, S.D.
(605) 666-4500
Open Late For Your Convenience

Home to Teddy's "Famous" 1 LB Reuben!



What made you decide to start a business?

I like to tell people I decided to start the deli because I couldn't find a job -- at least not in my field. I graduated magna cum laude in Print Journalism from Utah State University in 2009. Unfortunately, even with a good portfolio, excellent extracurricular activities and awesome references, the current state of the newspaper industry is such that even seasoned veterans are having trouble finding and keeping jobs. After countless rejection letters from around the country, I became disheartened, at one point even questioning my choice to attend college, let alone work hard for good grades. At that point, I asked myself what I wanted out of life. Literally moments later, I was approached by my uncle, who is a commercial landowner in downtown Keystone. It was nearly the beginning of summer, and he was faced with vacancies. In that moment, I realized that I would be miserable working a set schedule for a boss, and within a couple of days I had signed a letter of intent to lease.

Did you have an advisor or mentor to help answer questions about starting a business?

My family has been my biggest source of guidance throughout this process. My uncle is my landlord, and I borrowed money from my parents to start the business. Many have been in the service industry in the Black Hills since the 1920's. I've been able to draw on their wisdom and experience almost constantly.

What are your future plans for your business?

We're in expansion mode all the time. I'm never satisfied with just sitting back and letting things run. I've always believed that in whatever you do, if you're not moving ahead, you're falling behind. Standing still is not an option. We constantly search for new products to serve, and new locations from which to sell them.

How do you feel about the economy in South Dakota?

I love the economy of South Dakota. That sounds strange to say that I love it, but I honestly prefer the steadiness of things in our state. While other states have massive swings, both up and down, we stay fairly steady. We have a great tradition of being business-friendly here, and I'm proud to have a state government which continues to honor that tradition.

How do you feel about this year's tourism season?

It's been a strange year. I'm still in expansion mode at the Keystone site. For us, we've seen more than 30% in revenue growth over last year overall.

What advice would you give to other entrepreneurs looking to start a business?

Educate yourself. Nail down the basics of sound business principles before you spend your hard-earned savings on a project, or more scarily, the bank's money. Following your heart is a good cliché, but it only takes you so far. Prepare, prepare, prepare. And when the timing is right, jump. But be prepared to have to re-learn everything constantly. Business is not a static thing. It's a living, breathing entity with its own life force.

Why did you choose Keystone, South Dakota?

Keystone is my hometown. There are other locations out there in which to do business, but I can't imagine that any have the same charm, characteristics and, yes, the idiosyncrasies that our little town of 327 has. I wouldn't trade it for anything. It's a great town in which to live, and a great environment in which to do business.

Do you have a South Dakota registered business you'd like featured in an upcoming issue? We are currently looking for business entities that embody the fall season here in South Dakota such as, but not limited to, hunting lodges and wineries. Please email or mail your interest to:

South Dakota Secretary of State Office
C/O: Jason Gant

500 E Capitol Ave, Ste. B03, Pierre, SD 57501
openforbiz@state.sd.us